

JERSEY HARBORSIDE TRANSPORT, LLC



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February 15, 2012

Chairman Charles Boustany, Jr
Subcommittee on Oversight
House Ways and Means Committee

Chairman Pat Tiberi
Subcommittee on Select Revenue Measures
House Ways and Means Committee

Re: Harbor Maintenance Tax

Dear Chairmen Boustany and Tiberi:

I am writing as a Principal of Jersey Harborside Railroad, LLC and Jersey Harborside Transport, LLC. We are in the process of developing a Short-Sea-Shipping service between Northern New Jersey and Davisville, RI, to serve trailer and intermodal container freight which currently travels along the I-95 Northeast Corridor by truck.

We will provide what is known as a Roll-On, Roll-Off service whereby a driver travelling up from the South along I-95 or from the West along I-81/78 will drop a trailer in our yard in Northern New Jersey. We will then roll the trailer onto a barge to be transported to Davisville, RI, where the trailer will be rolled off the barge at our yard in Davisville, and a local driver will then deliver it to the customer.

Our service will provide that rare confluence where business, governmental and environmental objectives coincide by:

- Reducing the cost of freight transport along this corridor;
- Reducing wear and tear on the existing road structure, with its resultant burden on the Federal Highway Trust Fund and several States' Transportation budgets;
- Reducing fossil fuel usage which furthers our national goal of energy independence;
- Reducing air emissions and congestion along this corridor; and
- Improve highway safety.

We will be competing against truck transportation and must offer our customers a competitive price and service relative to trucking. Truckers can offer low prices by being able to receive revenues on both the 'head-haul' trip and the 'back-haul' trip, as well. To compete with trucking companies, we need to do the same.

Davisville, R.I. is exempt from the Harbor Maintenance Tax. Therefore, northbound freight arriving in Davisville will not be subject to the HMT.

Southbound freight from Davisville landing in Northern New Jersey, however, will be subject to the HMT. Because the HMT is based on the value of the freight being moved, it will make the 'back-haul' prohibitively expensive—in many cases exceeding our entire profit margin on that move. Consequently, the HMT on almost any but the lowest value freight would make our service non-competitive with trucking, which, in turn, puts added pressure on the entire venture since it deprives us of reliable back-haul revenues.

We would eventually like to extend our service to other Northeast ports, such as: Portland, ME, New Haven, CT, and Port Jefferson, NY, however, we have told our financial supporters that this will not be feasible until the HMT is waived for freight moving between Northern New Jersey and these locations.

In this case, the structure of the HMT has the unintended consequence of, on the one hand, prohibiting an efficient means of transportation while not raising any revenues from that mode of transportation, while, on the other hand, causing freight to move on an alternative, competing mode of transportation (i.e. highways), which is costing federal and State governments far more in highway maintenance and repair than is recouped for such heavy weight freight through the federal and State gas taxes.

Eliminating the HMT on freight moving from and to Northern New Jersey and these locations will not result in a loss of any revenues to the U.S. Treasury because no freight will move via a Roll-On, Roll-Off trailer barge service as long as the HMT applies to it—because the HMT prevents such service from being competitive with trucking.

In order to minimize any impacts on U.S. Treasury revenues, any exemption from the HMT to common-carrier type providers of Roll-On, Roll-Off services for rail cars or trailers. If such freight cannot be exempt from the HMT, if the HMT was reduced to a flat rate of \$12.50 per trailer for such freight, then our service could succeed.

Alternatively, I would urge that the generic Intra-Harbor exemption for New York/New Jersey Harbor, which currently runs from Perth Amboy to the Throgs Neck Bridge, be extended through Long Island Sound to the Cape Cod Canal—to follow the precedent set for Chesapeake Bay transport, which extends the Intra-Harbor exemption from Norfolk/Hampton Roads through to the Delaware-Chesapeake Bay Canal.

I would be pleased to discuss our service and ideas with you in greater detail.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Ronald A. Klempner", is written over a light blue rectangular background.

Ronald A. Klempner
Principal
Jersey Harborside Transport, LLC